



M.A.F	Mutual Accumulating Fund
M.I.F	Mutual Income Fund
M.B.F	Mutual Bond Fund
M.B.I.F	Mutual Bond Income Fund
M.G.Fund	Mutual Growth Fund

The Family of Funds managed by Mutual Funds Management Corporation Limited meets varying individual needs by providing a complement of mutual fund services and facilities. Shareholders are free to choose from a complete spectrum of investment media ranging from bond to long term growth-oriented portfolios. Shareholders enjoy this "Freedom of Choice" continuously — and are at all times free to vary their holdings as changing circumstances dictate. Shares of the MFMC Funds described herein are interconvertible.

Mutual Accumulating Fund — Mutual Income Fund — Mutual Growth Fund

The common stocks of sound companies are considered to be the best investments for long term growth of capital and income. This is because common stocks represent the ownership of business and industry — therefore a direct participation in their fortunes. Business has its ups and downs over the short term and the prices of common stocks are affected by these variations — well-managed companies tend to grow and prosper over the years — this being reflected by expanding earning power, increasing dividend payments and rising market prices for the shares of these successful companies.

Both Mutual Accumulating Fund (MAF) and Mutual Income Fund (MIF) are based on one, well-diversified portfolio of investments (mainly Canadian) which is managed under a flexible policy to cope with ever changing investment conditions, in the shareholders' best interests. Mutual Growth Fund invests largely

in U.S. securities and seeks investment growth primarily in the scientific and technological industries. Mutual Accumulating Fund and Mutual Growth Fund do not pay out dividends — instead — all income is reinvested continuously to increase the value of each share. Thus each share provides a compact, convenient unit of compound cumulative growth sharing in the fortunes of business and industry.

Mutual Income Fund (MIF) pays quarterly distributions at the rate of 5% per annum on the average daily net asset value of M.I.F. shares. Thus, because M.I.F.'s distributions are directly related to the value of its shares, the payments will vary with prevailing investment conditions. History has shown that common stocks tend to keep close pace with the cost-of-living trend — hence the M.I.F. policy may be considered a realistic approach to achieving "cost-of-living" distributions.

Mutual Bond Fund — Mutual Bond Income Fund

Bonds, secured by responsible guarantees, are considered to be the best investments for the short term. Their interest payments are set at stated rates — therefore they do not offer the long term growth opportunities of common stocks. Bonds nevertheless do offer an attractive defensive haven for capital during periods of general recession.

Both Mutual Bond Fund (MBF) and Mutual Bond Income Fund (MBIF) are based on one portfolio of carefully selected bonds. It is possible for management to achieve a moderate degree of capital appreciation by shifting emphasis on long and short term maturities

at junctures in the trend of interest rates.

Mutual Bond Fund is a compound cumulative mutual fund which reinvests all its income continuously to increase the value of each share.

Mutual Bond Income Fund (MBIF) is designed for those who require an investment which provides dependable income and price stability. The policy of M.B.I.F. is to pay quarterly distributions at the prevailing yield-to-maturity rate of Canada Savings Bonds related to the quarter-end net asset value of M.B.I.F. shares.

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SPECIAL ADVANTAGES

TO SHAREHOLDERS IN THE MFMC FLEXIBLE FAMILY OF FUNDS

BUILT-IN COMPOUNDING

On average, a dividend is received by MAF every 2 days and is immediately reinvested to add to the value of your shares. Although one share always remains one share, its value reflects the cumulative effect of this reinvestment (i.e., rather than adding to the *number* of shares of MAF you own, income received by MAF adds to the *value* of the original number of MAF shares you purchased). This policy of immediate reinvestment provides a maximum of compounding-power. Each of your MAF shares is continuously at work — a compact unit of compound cumulative growth sharing in the fortunes of business and industry. All income received by Mutual Growth Fund and Mutual Bond Fund is similarly re-invested to add to the value of the shares.

COST-OF-LIVING INCOME

MIF pays quarterly distributions equal to 5% per annum on the average daily net asset value of MIF shares. As the value of MIF shares fluctuates, the number of dollars paid out also varies accordingly. Because history shows that common stock values tend to keep pace with living costs, MIF's distribution policy is a realistic approach to achieving a cost-of-living income.

FAVORABLE INCOME TAX STATUS

MFMC Funds are trusts and therefore pay no corporation taxes. Rather, the "conduit principle" applies and all income beneficially received is taxable in the hands of holders at their personal tax rate. Resident Canadian Shareholders are entitled to a tax credit of 20% on that portion of dividend income received from Canadian Corporations. Details of distributions made or income reinvested are provided to holders by the Trustee prior to March 31 of each year.

SOME SHAREHOLDER SERVICES

MUTUAL VARIABLE ANNUITY

Holders of MFMC Funds' shares may exchange their shares for units of Mutual Variable Annuity. Introduced in 1960, the MVA has demonstrated the advantages of an equity based annuity. The \$100.00 per month MVA of 1961 is now paying \$149 per month in 1969. The MVA qualifies as an annuity for Registered Retirement Savings Plans.

ACCUMULATION PLANS

Several plans are available through which shares of the Funds may be acquired on a systematic basis.

WITHDRAWAL PLANS

Shareholders may enjoy regular cheques by participating in the MFMC Automatic Withdrawal Plan. Under the authorization and direction of the shareholder, the Trustee will automatically redeem shares on a regular basis (monthly, quarterly, semi-annually, annually) to provide funds for the amount designated by the shareholder. The MFMC Automatic Withdrawal Plan may be cancelled or revised by the shareholder at any time without cost or penalty.

THE PERSONAL RETIREMENT PLAN

Salaried and professional people may enjoy the advantages of tax free contributions for retirement purposes through the PRP. Contributions may be invested in Mutual Accumulating Fund, Mutual Growth Fund and/or Mutual Bond Fund. The proportions held in each fund may be varied from time to time and up to the legal maximum allowed, contributions may be increased, decreased or suspended at any time without cost or penalty.



REPORT OF THE PRESIDENT MUTUAL FUNDS MANAGEMENT Corporation Limited

TO THE MEMBERS:

Mutual Accumulating Fund — Mutual Income Fund
Mutual Bond Fund — Mutual Bond Income Fund
and Mutual Growth Fund

The year 1968 witnessed a renewal of more rapid economic growth in Canada. Industrial production which had increased rather slowly in 1966 and 1967 showed an 8 percent advance during the year, but even more gratifying was a renewal of growth in total corporate profits which appear to have increased about 12 percent over the levels achieved in 1967. Since there was no inventory accumulation during the year, the production and profit results appear to reflect the realities of final demand. Stock prices declined rather precipitously during the first quarter of 1968, but during the ensuing nine months of the year, the market, as measured by the Toronto Stock Exchange Industrial Index, advanced in excess of 25 percent to close the year at a new all time high. It is interesting to note, however, that it was only in September, 1968 that this index surpassed the previous high established in early 1965. Essentially, the Canadian stock market has been in a broad, sideways trading range for four years.

The United States economy also showed good growth in 1968, as a result of which the authorities in mid-year again became concerned that the economy was over-heating and therefore instituted a tax increase. This measure in turn has been followed by tighter monetary policies. Stock prices, as in Canada, fell during the first quarter and then rallied for the balance of the year. The rally, however, was much weaker and more selective than that experienced in Canada.

At the present time we feel very constructive about the outlook for common stock prices over the next two or three years. During this forthcoming period we believe that many problems whose roots lie in the Viet-Nam war will be resolved. During the past two or three years industry in both the United States and Canada has built up a substantial margin of excess capacity. Profit margins are currently at the low end of their historic range. Given the rapid rate of growth of consumer demand and output that will result as an increasing number of people enter the work-force, and given the continuing growth of productivity due to technological change, we feel that the stage is set for a period of rapid growth in corporate earnings. There has been considerable public comment about the degree of speculative fever manifested in the stock market during the past two years. We do not quarrel with these observations. Nevertheless, we believe it is worth pointing out that there are a very substantial number of large, well-financed companies that are currently selling, in terms of price-earnings multiples, at the low end of their historic ranges as established over the past 15 years. In short, we think there are a great number of undervalued securities available for investment at the present time. Our continuing task will be to attempt to select these securities for the portfolios that we administer.

The unit value of Mutual Variable Annuity (MVA) for 1969 is \$1.49, based on the 1968 year-end value of MAF shares held in its reserve fund. An annuitant who, in 1961, commenced a lifetime MVA contract for 500 units per month would have received an income of \$500 per month in 1961, \$605 per month in 1962, \$540 per month in 1963, \$605 per month in 1964, \$690 per month in 1965, \$710 per month in 1966, \$645 per month in 1967, and \$685 per month in 1968. His monthly income in 1969 would be \$745.

To those shareholders who became investors in the Funds for the first time in 1968, we extend a cordial welcome; to those who have been shareholders for some time we offer our appreciation for their confidence and support. We renew our assurance to all members that it is our continuing objective to provide maximum investment service at minimum cost.

ON BEHALF OF THE BOARD OF DIRECTORS,

April 30, 1969

A. D. JOHNSTONE, *President.*

Mutual Accumulating Fund FOR COMPOUND GROWTH

MAF reinvests all its income to add to the *value* of each share but not to the *number* of shares held. Thus each share provides a compact, convenient unit of compound cumulative growth sharing in the fortunes of business and industry.

One share remains one share, but its value will reflect the cumulative effect of such reinvestment. Shareholders are advised by the Trustee each year of the amount of declarable income attributable to their holdings.

MAF shares are suitable for most long term capital accumulating purposes such as building your financial independence, individual and group savings plans, etc.

Mutual Income Fund FOR REGULAR INCOME

MIF pays quarterly distributions at the rate of 5% per annum on the average daily net asset value of MIF shares. Thus, because MIF's distributions are directly related to the value of its shares, the payments will vary with prevailing investment conditions. History has shown that common stocks tend to keep close pace with the cost-of-living trend — hence the MIF distributions policy may be considered a realistic approach to achieving a “cost-of-living” income.

INVESTMENT PERFORMANCE

These are records of past performance only and should not be taken as an indication or guarantee of future performance.

PERFORMANCE - \$10,000 OF INITIAL NET ASSETS

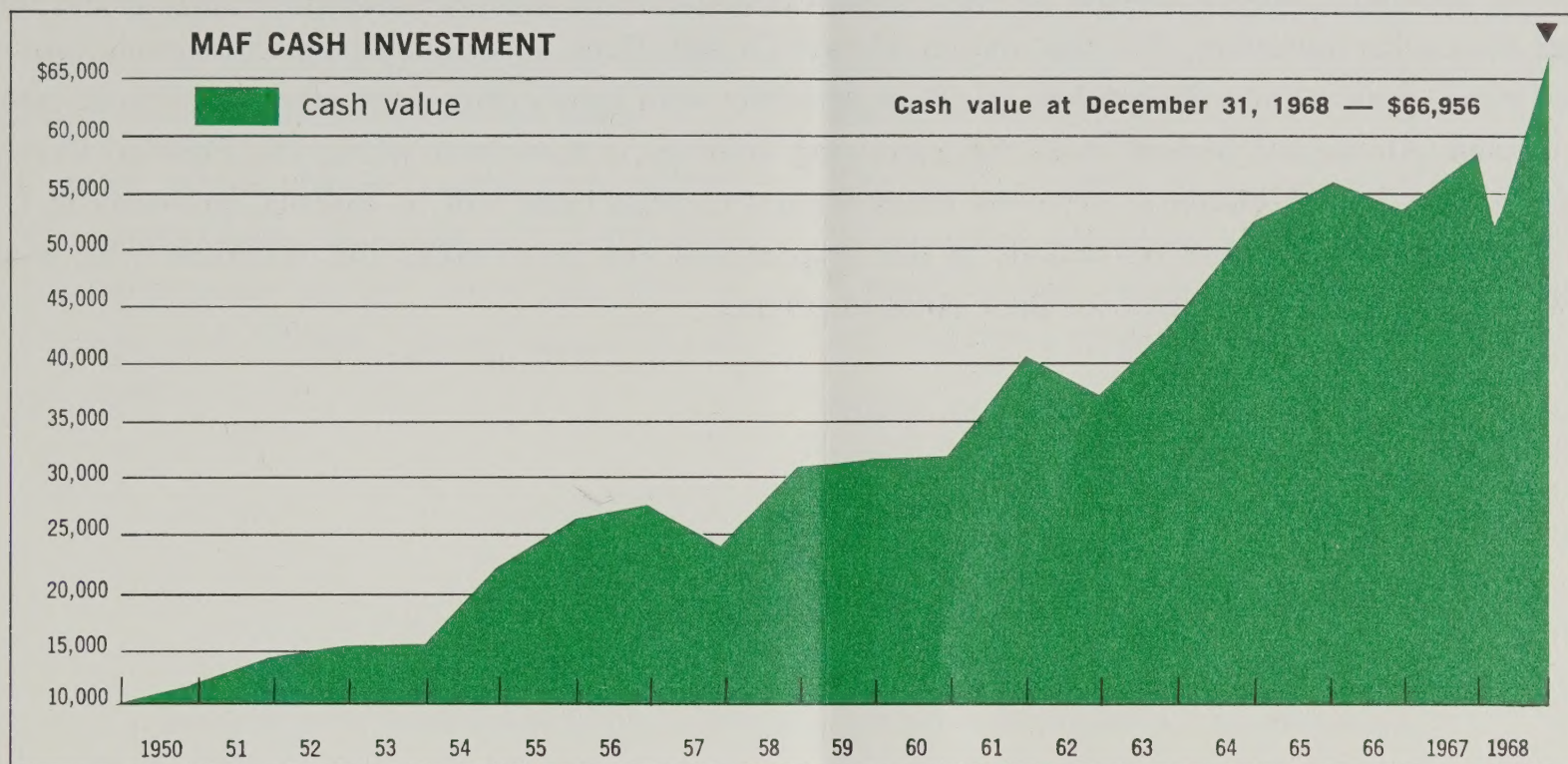
YEAR ENDED	MAF	MUTUAL INCOME FUND			
	ALL INCOME REINVESTED	YEAR'S PAYMENTS M.I.F.	CUMULATIVE PAYMENTS M.I.F.	YEAR-END SHARE VALUE M.I.F.	SHARE VALUE + PAYMENTS
Jan./50	\$10,000	—	—	\$10,000	\$10,000
1950*	12,350	\$ 268	\$ 268	+ 12,056 =	12,324
1951*	14,400	631	899	+ 13,369 =	14,268
1952	15,150	657	1,556	+ 13,489 =	15,045
1953	15,887	832	2,388	+ 13,369 =	15,757
1954	22,355	724	3,112	+ 17,866 =	20,978
1955	26,696	932	4,044	+ 20,333 =	24,377
1956	28,041	1,046	5,091	+ 20,293 =	25,384
1957	24,655	1,023	6,114	+ 16,951 =	23,065
1958	30,950	904	7,018	+ 20,213 =	27,231
1959	32,251	1,041	8,059	+ 20,014 =	28,073
1960	32,555	937	8,996	+ 19,179 =	28,175
1961	40,629	1,032	10,028	+ 22,800 =	32,828
1962	37,982	1,057	11,085	+ 20,253 =	31,338
1963	44,276	1,051	12,136	+ 22,442 =	34,578
1964	52,632	1,179	13,315	+ 25,386 =	38,701
1965	56,321	1,281	14,596	+ 25,824 =	40,420
1966	53,934	1,257	15,583	+ 23,476 =	39,329
1967	59,468	1,223	17,076	+ 24,590 =	41,666
1968	66,956	1,191	18,267	+ 26,381 =	44,648

*Although MIF was established at a later date than MAF, it is possible to calculate precisely the results which would have been attained in these years had this Fund commenced operating at the same time as MAF.

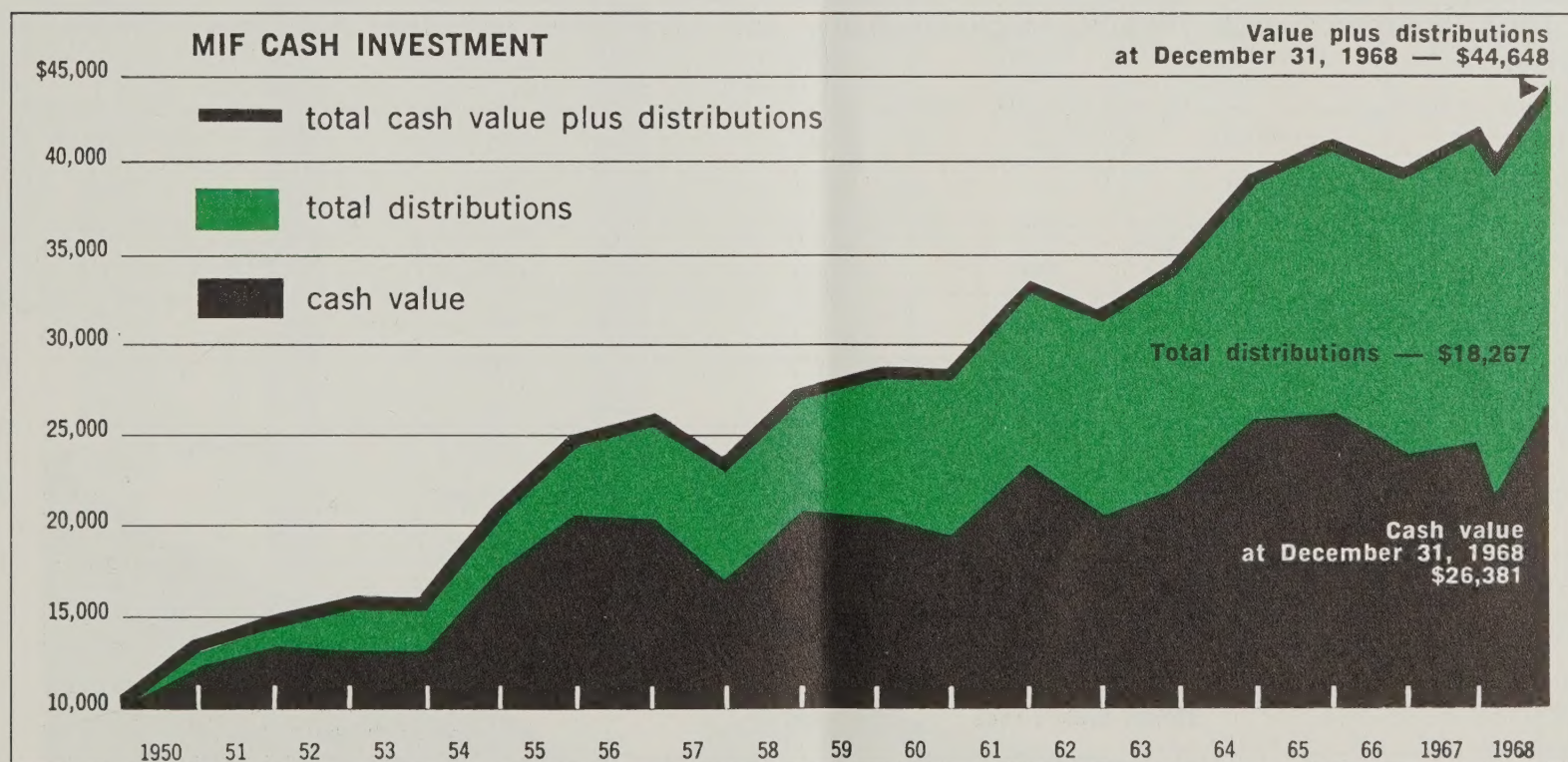
The Investor's acquisition cost, which varies from 8½ to 1% of the offering price, depending on the size of the transaction, is not included in these calculations. An Investor's results must therefore be predicated only on the net proceeds of his investment in the fund after deduction of the applicable acquisition charge.

PERFORMANCE AT A GLANCE

Performance - \$10,000 of initial net assets, all income reinvested



Performance - \$10,000 of initial net assets, distributions paid out



These are records of past performance only and should not be taken as an indication or guarantee of future performance.

The chart above and the tabulation opposite indicate the relative merits of MAF and MIF, which share in the same portfolio of — mainly — common stocks. MAF shows a superior growth to MIF because all income is reinvested continuously within the fund.

MIF shareholders receive quarterly cash payments equal to 5% per annum of the per share average value of the Fund's net assets.

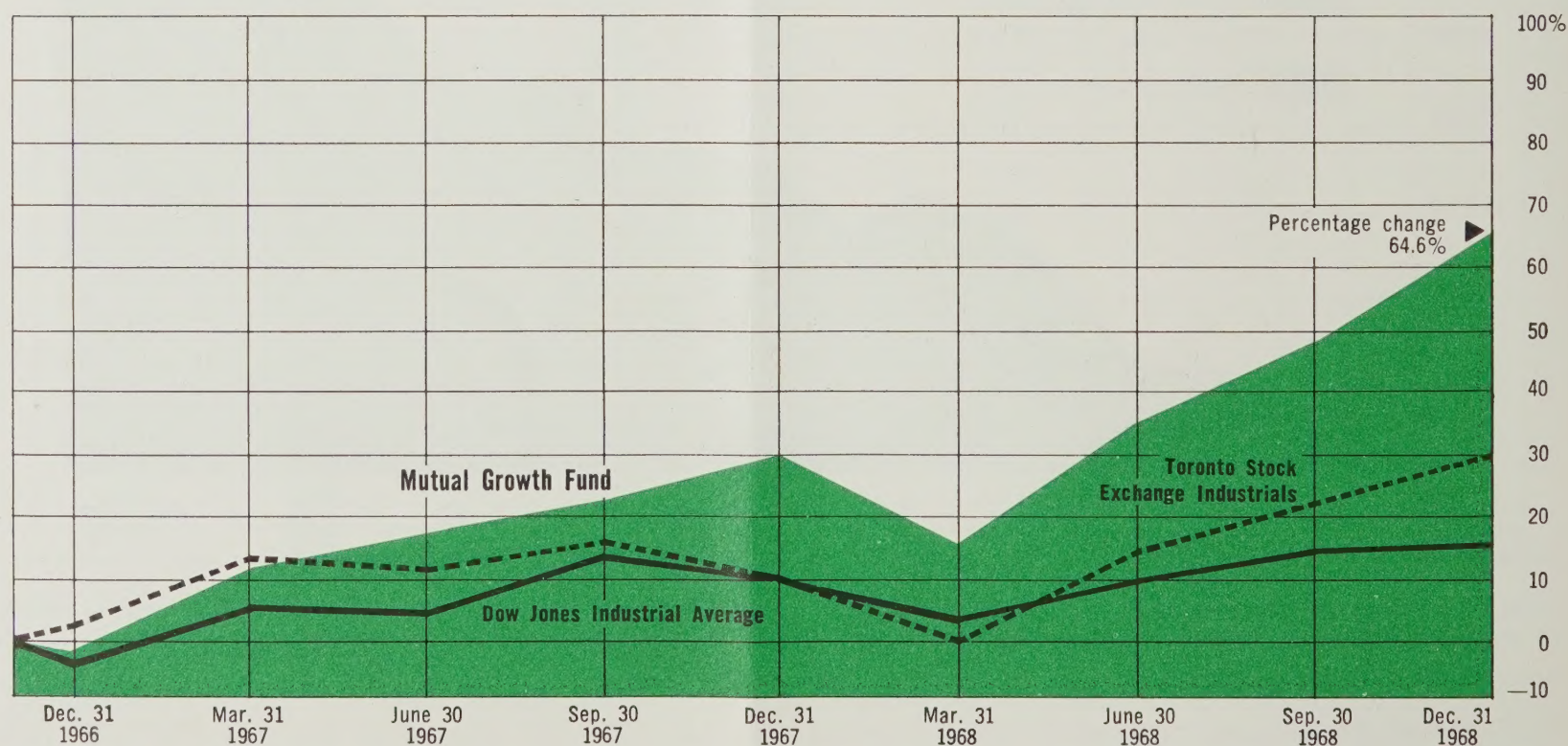
MUTUAL GROWTH FUND

Over the long term, stocks selected for their growth potential have generally tended to increase in value faster than other securities. For this reason Mutual Growth Fund was established, as its name implies, as a "pure" growth fund designed to invest in securities with long-term growth potential without regard for income. All income derived from the underlying holdings is reinvested within the Fund to increase its compound growth potential. At most times Mutual Growth Fund will be invested primarily in U.S. securities, but there are no restrictions in this respect and the Fund seeks out securities with sound growth potential without regard for their point of origin.

INVESTMENT PERFORMANCE

These are records of past performance only and should not be taken as an indication or guarantee of future performance.

Performance (net asset value) of Mutual Growth Fund from inception November 15, 1966, to December 31, 1968, compared with Toronto Stock Exchange and Dow-Jones Industrial Averages.



Mutual Bond Fund

FOR COMPOUND GROWTH

MBF is a compound interest mutual fund which reinvests all its income continuously to increase the value of each Mutual Bond Fund share.

MBF shares are suitable for capital accumulating purposes which require minimum price fluctuation, such as building capital for a short term goal or to "balance" with Mutual Accumulating Fund in savings plans.

Mutual Bond Income Fund

FOR REGULAR INCOME

MBIF is designed for those who require an investment which provides dependable income and price stability.

The policy of MBIF is to pay quarterly distributions at the prevailing yield-to-maturity rate of Canada Savings Bonds related to the quarter-end net asset value of MBIF shares.

MBIF shares may be purchased in amounts as low as \$500. They may be quickly cashed and have the same convertible features as MBF.

INVESTMENT PERFORMANCE

These are records of past performance only and should not be taken as an indication or guarantee of future performance.

PERFORMANCE - \$10,000 OF INITIAL NET ASSETS

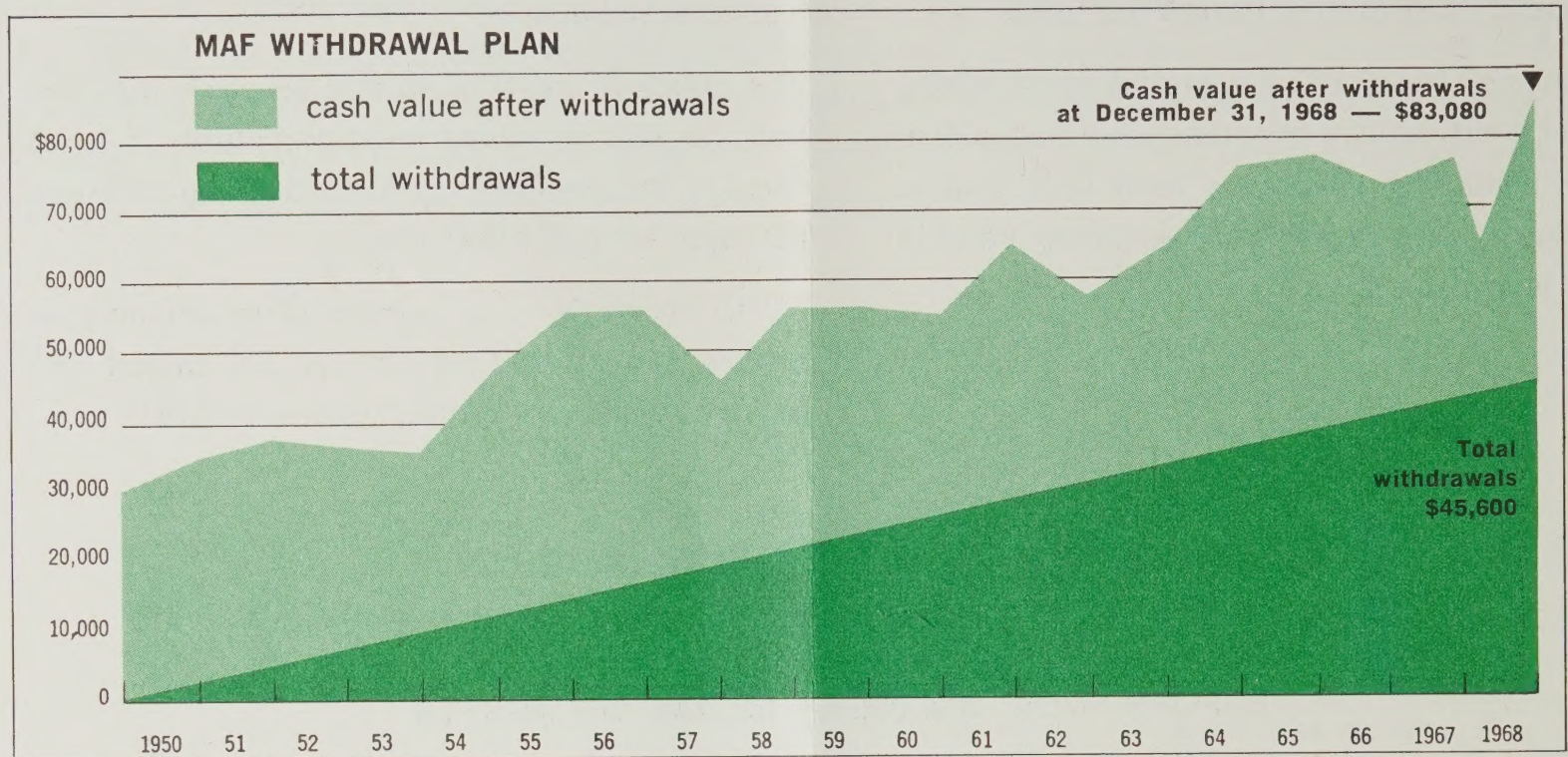
YEAR ENDED	MBF	MUTUAL BOND INCOME FUND			
	ALL INCOME REINVESTED	YEAR'S PAYMENTS M.B.I.F.	CUMULATIVE PAYMENTS M.B.I.F.	YEAR-END SHARE VALUE M.B.I.F.	SHARE VALUE + PAYMENTS
Oct./57	\$10,000	—	—	\$10,000	\$10,000
1957	11,200	—	—	11,200	11,200
1958*	11,820	\$ 501	\$ 501	+ 11,320 =	11,821
1959*	11,380	463	965	+ 10,440 =	11,405
1960*	12,760	537	1,502	+ 11,120 =	12,622
1961*	13,600	529	2,031	+ 11,300 =	13,331
1962	14,420	515	2,546	+ 11,440 =	13,986
1963	15,380	589	3,135	+ 11,580 =	14,715
1964	16,440	584	3,719	+ 11,760 =	15,479
1965	16,740	584	4,303	+ 11,380 =	15,683
1966	16,700	559	4,862	+ 10,780 =	15,642
1967	16,300	590	5,452	+ 9,960 =	15,412
1968	17,480	539	5,991	+ 10,120 =	16,111

*Although MBIF was established at a later date than MBF, it is possible to calculate precisely the results which would have been attained in these years had this Fund commenced operating at the same time as MBF.

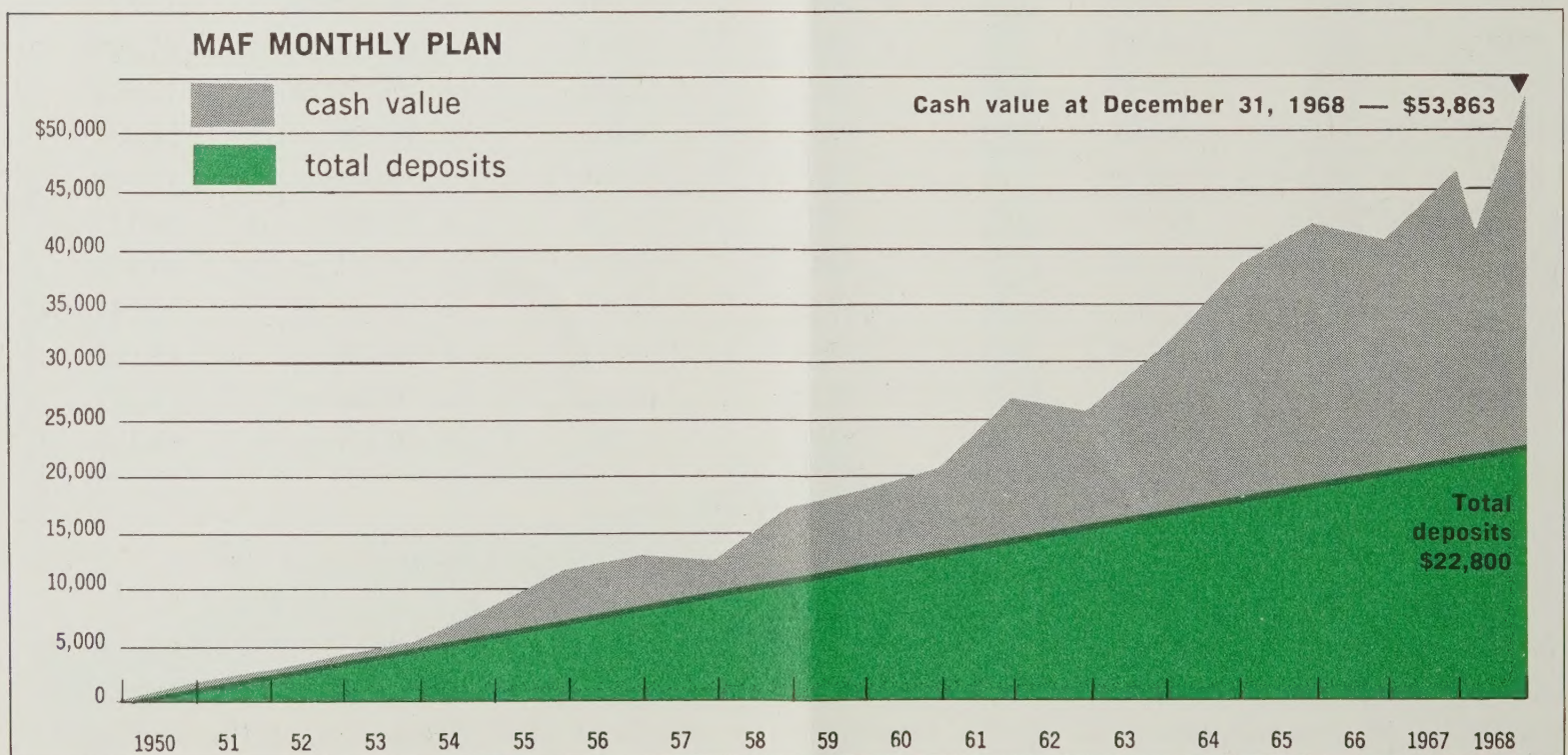
The Investors' acquisition cost, which varies from 4¼ % to 1 % of the offering price, depending on the size of the transaction, is not included in these calculations. An Investor's results must therefore be predicated only on the net proceeds of his investment in the fund after deduction of the applicable acquisition charge.

PERFORMANCE AT A GLANCE

Performance - \$30,000 net investment with \$2,400 annual withdrawals



Performance - \$100 per month invested



These are records of past performance only and should not be taken as an indication or guarantee of future performance.

AUDITORS' REPORT

To the Members of MUTUAL ACCUMULATING FUND — MUTUAL INCOME FUND — MUTUAL BOND FUND
— MUTUAL BOND INCOME FUND — MUTUAL GROWTH FUND

We have examined the following financial statements:

MUTUAL ACCUMULATING FUND: *Assets and liabilities as at December 31, 1968. Statement of changes in net assets for the five years ended December 31, 1968. Statement of income and expense for the five years ended December 31, 1968. Statement of changes in investments for the five years ended December 31, 1968. Portfolio of investments as at December 31, 1968.*

MUTUAL INCOME FUND: *Assets and liabilities as at December 31, 1968. Statement of changes in net assets for the five years ended December 31, 1968. Statement of changes in investment for the five years ended December 31, 1968.*

MUTUAL BOND FUND: *Assets and liabilities as at December 31, 1968. Statement of changes in net assets for the five years ended December 31, 1968. Statement of income and expense for the five years ended December 31, 1968. Statement of changes in investments for the five years ended December 31, 1968. Portfolio of investments as at December 31, 1968.*

MUTUAL BOND INCOME FUND: *Assets and liabilities as at December 31, 1968. Statement of changes in net assets for the five years ended December 31, 1968. Statement of changes in investment for the five years ended December 31, 1968.*

MUTUAL GROWTH FUND: *Assets and liabilities as at December 31, 1968. Statement of changes in net assets for the period September 15, 1966 to December 31, 1968. Statement of income and expense for the two years ended December 31, 1968. Statement of changes in investments for the period September 15, 1966 to December 31, 1968. Portfolio of investments as at December 31, 1968.*

Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the funds as at December 31, 1968 and the results of their operations for the periods indicated, in accordance with generally accepted accounting principles applied on a consistent basis.

Vancouver, B.C.
February 26, 1969.

RIDDELL, STEAD & CO.
Chartered Accountants.

PORTFOLIO OF INVESTMENTS

SECURITIES

AIRCRAFT AND AEROSPACE (7.59%)

*Avco Corp. Common	11,250	\$ 613,884	\$ 588,371
*Avco Corp. Preferred	5,625	613,884	583,845
*General Dynamics	30,000	2,095,369	1,484,504
*Northrop Corp.	30,000	1,279,204	1,733,933

BANKS, TRUSTS AND FINANCE (5.88%)

Bank of Montreal	57,500	704,950	963,125
Bank of Nova Scotia	50,000	783,491	1,312,500
Canadian Imperial Bank of Commerce	50,000	702,894	1,125,000

BEVERAGES AND FOOD (6.22%)

Canada Packers Limited	60,000	1,079,397	1,230,000
Crush International Limited	60,000	841,285	1,590,000
*Great Western United	5,000	647,363	777,789

BUILDING AND CONSTRUCTION (6.76%)

*American Standard Inc. 4¾ % Conv. Preferred	9,000	1,015,464	1,206,914
*Dillingham Corp.	48,500	1,503,512	1,651,997
Sogemines Limited	60,000	1,093,663	1,050,000

DRUGS, COSMETICS AND TOILETRIES (1.52%)

*Revlon Incorporated	10,000	498,342	881,047
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ELECTRICAL EQUIPMENT AND ELECTRONICS (3.01%)

*I.T.E. Imperial Corp.	30,000	1,463,814	1,106,338
*Scott & Fetzer Co.	21,000	671,997	633,630

FOREST PRODUCTS (3.70%)

Crestbrook Forest Industries Ltd.	50,000	697,913	743,750
Price Company Limited	100,000	1,415,316	1,400,000

INSURANCE AND INVESTMENT (2.07%)

Canadian Pacific Investments Ltd. Conv. Preferred	20,000	414,317	605,000
Canadian Pacific Investments Ltd. Wts.	17,500	Nil	119,000
Great West Life Assurance Co.	6,050	403,860	474,925

MACHINERY AND EQUIPMENT (1.24%)

Versatile Manufacturing "A"	90,000	951,803	720,000
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MERCHANDISING (12.09%)

*Automatic Retailers of America	10,000	1,090,813	1,204,232
Becker Milk Company Ltd.	34,800	606,039	582,900
*Daylin Inc.	3,000	116,246	128,737
Loblaws Companies Limited "B"	147,000	1,498,704	1,139,250
*Marcor Corp.	25,000	1,230,632	1,408,066
*Sperry and Hutchison	30,000	1,288,010	1,416,112
Woodward Stores Ltd., "A"	60,000	559,500	1,117,500

MINES AND METALS (6.92%)

Asbestos Corp. Ltd.	30,000	677,518	765,000
Hollinger Consolidated Gold Mines	40,000	1,147,971	1,340,000
Kerr-Addison Mines Ltd.	52,000	800,440	955,500
Opemiska Copper Mines (Quebec) Ltd.	100,000	725,098	945,000

MUTUAL ACCUMULATING FUND — December 31, 1968

in which Mutual Income Fund participates

SECURITIES	Number of Shares	Average Cost	Quoted Market Value
OFFICE EQUIPMENT (3.86%)			
*Addressograph-Multigraph	8,000	\$ 693,814	\$ 612,576
Moore Corporation Limited	50,000	800,992	1,618,750
OIL AND GAS (14.93%)			
The British American Oil Company Limited	25,000	957,977	1,150,000
Canadian Industrial Gas & Oil Ltd.	30,000	644,667	795,000
Canadian Superior Oil Ltd.	20,000	881,592	1,120,000
French Petroleum Company of Canada	80,000	619,780	676,000
Home Oil Company Limited "B"	35,000	539,256	1,491,875
Hudson's Bay Oil and Gas Company Limited	15,000	574,630	560,625
Husky Oil Canada Ltd.	50,000	1,313,076	1,212,500
Imperial Oil Limited	10,000	410,543	827,500
*Sun Oil Company	10,000	817,787	804,609
RECREATION AND AMUSEMENT (6.51%)			
*Storer Broadcasting	20,000	1,063,769	1,300,785
*Warner Bros.-Seven Arts	30,000	1,339,105	1,383,928
*Western International Hotels	19,935	832,554	1,080,020
STEEL AND HEAVY INDUSTRY (1.76%)			
Dominion Foundries and Steel, Limited	43,600	493,332	1,019,150
TEXTILES AND APPAREL (3.39%)			
*The Villager, Inc.	30,000	1,222,868	1,355,767
*Warnaco, Inc.	10,000	553,154	606,139
TRANSPORTATION (2.70%)			
*McLean Industries	30,000	1,269,666	1,560,942
UTILITIES (3.03%)			
British Columbia Power Corp. Ltd.	68,700	***1	3,435
Northern & Central Gas Corporation Limited	100,000	1,268,941	1,750,000
OIL AND GAS PIPELINES (2.64%)			
Westcoast Transmission Company Limited	55,000	1,242,632	1,526,250
OTHER (3.19%)			
Mutual Bond Fund (211,590 units)		**2,061,737	1,847,181
		<u>\$48,834,566</u>	<u>\$57,286,997</u>

*United States investments are expressed in Canadian dollars, for average cost at the prevailing rate of exchange at the time of purchase, and for market value at the prevailing rate of exchange at December 31, 1968.

**As to cost, the investment in Mutual Bond Fund represents the cost of units purchased plus the income from investments allocated thereto less proceeds of redemptions.

***Reduced to nominal value on receipt of initial distribution of capital.

Percentages indicate the market value as a percentage of net assets.

NOTE — As at December 31, 1968, Mutual Income Fund held 2,801,581 Mutual Accumulating Fund shares of the total 9,372,827 Mutual Accumulating Fund shares then outstanding. This established a participation of approximately 33.46% by Mutual Income Fund in the foregoing investment portfolio.

The statements of assets and liabilities of the Funds do not include comparative figures for the year ended December 31, 1967, as it is management's view that incorrect conclusions might be drawn from such figures due to continuous issuing of additional shares. It is management's opinion that the per-share income and capital changes set out below provide a more informative measure of the Funds' progress over a longer period of time.

The tabulation below records the Funds' annual and cumulative statistics since inception of MAF in January, 1950, MBF in October, 1957, and Mutual Growth Fund in November, 1966. (Adjusted for share splits where applicable.)

MUTUAL ACCUMULATING FUND	1950	1951	1952	1953	1954	1955	1956
Year-end Net Asset Value (initial \$0.9215) . . .	\$1.138	\$1.327	\$1.396	\$1.464	\$2.06	\$2.46	\$2.584
Year's Net Income Compounded	4.492¢	6.54¢	7.192¢	8.264¢	9.02¢	9.412¢	9.964¢
Year's Capital Gain (Loss)	17.158¢	12.36¢	(.292¢)	(1.464¢)	50.58¢	30.588¢	2.436¢
Year's Compound Growth (Decline)	23.5%	16.6%	5.2%	4.9%	40.7%	19.4%	5.0%
Cumulative Growth to Year-End	23.5%	44.0%	51.5%	58.9%	123.5%	167.0%	180.4%
MUTUAL INCOME FUND							
Year-end Net Asset Value (initial \$2.513) . . .	\$3.03	\$3.36	\$3.39	\$3.36	\$4.49	\$5.11	\$5.10
Year's Distributions	6.73¢	15.86¢	12.29¢	16.76¢	18.20¢	23.42¢	26.30¢
Dists. as % of Aver. Net Asset Value	5%	5%	5%	5% +	5%	5%	5%
Year's Growth, (Decline) Excluding Dists. . . .	20.6%	10.9%	.9%	(.9%)	33.6%	13.8%	(.2%)
Cumulative Growth, Including Dists.	23.2%	42.7%	50.4%	57.6%	109.8%	143.8%	153.8%
MUTUAL BOND FUND							
Year-end Net Asset Value (initial \$5.00) . . .	—	—	—	—	—	—	—
Year's Net Income Compounded	—	—	—	—	—	—	—
Year's Capital Gain (Loss)	—	—	—	—	—	—	—
Year's Compound Growth (Decline)	—	—	—	—	—	—	—
Cumulative Growth to Year-end	—	—	—	—	—	—	—
MUTUAL BOND INCOME FUND							
Year-end Net Asset Value (initial \$5.00) . . .	—	—	—	—	—	—	—
Year's Distributions	—	—	—	—	—	—	—
Dists. as % of Q.E. Net Asset Value	—	—	—	—	—	—	—
Year's Growth (Decline) Excluding Dists. . . .	—	—	—	—	—	—	—
Cumulative Growth, Including Dists.	—	—	—	—	—	—	—

Mutual Income Fund and Mutual Bond Income Fund did not commence operating until 1952 and 1962 respectively. However, since MIF participates in the portfolio of MAF, and MBIF in that of MBF, it is possible to calculate precisely the earlier results of these distributive funds.

These figures are shown in the shaded portions of the above tabulation.

Fund / Mutual Bond Income Fund / Mutual Growth Fund

CS 1950-1968

For the accumulating Funds (MAF, MBF and Mutual Growth Fund) the annual figures show the per share results attributable to capital gain and the proportion derived from reinvested income. The cumulative figures record the per share investment results since inception of the Funds.

The figures for the distributive funds illustrate the payout policies of MIF and MBIF, and show the annual per-share distributions as related to average daily net asset value (MIF) and quarter-end net asset value (MBIF).

1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
\$2.852	\$2.972	\$3.00	\$3.744	\$3.50	\$4.08	\$4.85	\$5.19	\$4.97	\$5.48	\$6.17
9.368¢	9.548¢	9.624¢	8.832¢	9.76¢	10.732¢	12.58¢	14.86¢	17.73¢	16.44¢	12.36¢
48.632¢	2.452¢	(6.824¢)	65.568¢	(34.16¢)	47.268¢	64.42¢	19.14¢	(39.73¢)	34.56¢	56.64¢
25.5%	4.2%	0.9%	24.8%	(6.5%)	16.6%	18.9%	7.0%	(4.2%)	10.3%	12.6%
209.5%	222.5%	225.6%	306.3%	279.8%	342.8%	426.3%	463.2%	439.3%	494.7%	569.6%
\$5.08	\$5.03	\$4.82	\$5.73	\$5.09	\$5.64	\$6.38	\$6.49	\$5.90	\$6.18	\$6.63
22.73¢	26.16¢	23.55¢	25.93¢	26.56¢	26.41¢	29.62¢	32.19¢	31.58¢	30.73¢	29.93¢
5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
19.2%	(1.0%)	(4.2%)	18.9%	(11.2%)	10.8%	13.1%	1.7%	(9.1%)	4.7%	7.3%
172.3%	180.7%	181.8%	228.3%	213.4%	245.8%	287.0%	304.2%	293.3%	316.7%	346.5%
1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
\$5.91	\$5.69	\$6.38	\$6.80	\$7.21	\$7.69	\$8.22	\$8.37	\$8.35	\$8.15	\$8.74
27.02¢	27.71¢	29.76¢	30.59¢	29.03¢	33.36¢	42.50¢	43.81¢	46.37¢	49.08	52.99¢
3.98¢	(49.71¢)	39.24¢	11.41¢	11.97¢	14.64¢	10.50¢	(28.81)¢	(48.37¢)	(69.08¢)	6.01¢
5.5%	(3.7%)	12.1%	6.6%	6.0%	6.7%	6.9%	1.8%	(.2%)	(2.4%)	7.2%
18.2%	13.8%	27.6%	36.0%	44.2%	53.8%	64.4%	67.4%	67.0%	63.0%	74.8%
\$5.66	\$5.22	\$5.56	\$5.65	\$5.72	\$5.79	\$5.88	\$5.69	\$5.39	\$4.98	\$5.06
25.06¢	23.18¢	26.87¢	26.46¢	25.77¢	29.46¢	29.19¢	29.19¢	27.93¢	29.48¢	26.95¢
4.46%	4.19%	4.98%	4.71%	4.60%	5.11%	5.03%	5.00%	5.03%	5.48%	5.48%
1.1%	(7.8%)	6.5%	1.6%	1.2%	1.2%	1.6%	(3.2%)	(5.3%)	(7.6%)	1.6%
18.2%	14.1%	26.2%	33.3%	39.9%	47.2%	54.8%	56.8%	56.4%	54.1%	61.1%
GROWTH FUND								1966	1967	1968
Net Asset Value (initial \$5.00)								\$4.93	\$6.52	\$8.23
Net Income Compounded									4.45¢	3.19¢
Capital Gain									\$1.5455	\$1.6781
Compound Growth									32.3%	26.2%
Total Growth to year-end									30.4%	64.6%

MUTUAL ACCUMULATING FUND

ASSETS AND LIABILITIES AS AT DECEMBER 31, 1968

ASSETS

Investments at quoted market value (Average cost—\$48,834,566)	\$57,286,997
Cash	711,638
Due from brokers	647,607
Income receivable	199,200
	<u>58,845,442</u>

LIABILITIES

Accounts payable	\$ 102,119	
Due to brokers	887,683	989,802
NET ASSETS, represented by 9,372,827 shares of no par value		<u>\$57,855,640</u>

Shares are redeemable at the holder's option at the net asset value per share at the date of redemption. During 1968 the fund issued 633,518 shares for \$3,525,925 and redeemed 2,543,314 shares for \$14,106,347.

APPROVED ON BEHALF OF THE MANAGER: A. D. Johnstone, *Director* B. W. Wilson, *Director*.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FIVE YEARS ENDED DECEMBER 31, 1968

	1968	1967	1966	1965	1964
NET ASSETS beginning of year	\$61,782,874	\$64,673,104	\$67,916,271	\$62,525,346	\$51,945,202
Add					
Proceeds on sale of shares	3,525,925	4,278,520	8,093,461	9,464,773	8,851,382
Gain on sale of investments ..	5,164,761	851,836	1,943,202	2,243,369	3,107,076
Net income from investments	1,235,306	2,058,538	2,312,598	1,954,762	1,607,153
Unrealized appreciation (depreciation) of investments ..	253,121	3,739,702	(7,261,937)	188,302	5,170,507
	<u>71,961,987</u>	<u>75,601,700</u>	<u>73,003,595</u>	<u>76,376,552</u>	<u>70,681,320</u>
Deduct					
Redemption of shares	14,106,347	13,818,826	8,330,491	8,460,281	8,155,974
NET ASSETS end of year	<u>\$57,855,640</u>	<u>\$61,782,874</u>	<u>\$64,673,104</u>	<u>\$67,916,271</u>	<u>\$62,525,346</u>
NET ASSET VALUE PER SHARE	<u>\$6.17</u>	<u>\$5.48</u>	<u>\$4.97</u>	<u>\$5.19</u>	<u>\$4.85</u>

MUTUAL ACCUMULATING FUND

STATEMENT OF INCOME AND EXPENSE

FOR THE FIVE YEARS ENDED DECEMBER 31, 1968

Year	Income From Investments	Management Fee	Other Expenses*	Net Income	Net Income Per Share
1964	\$1,829,410	\$222,257	\$ —	\$1,607,153	12.58¢
1965	2,211,207	256,445	—	1,954,762	14.86
1966	2,571,339	258,741	—	2,312,598	17.73
1967	2,315,525	256,987	—	2,058,538	16.44
1968	1,620,000	220,231	164,463	1,235,306	12.36

The number of shares outstanding as at the day prior to the start of each quarter was used for the per share calculation.

*By supplement to the trust indenture establishing the fund, effective November 30, 1967 the manager was authorized to make charges to fund revenue for administrative expenses previously borne by the manager.

STATEMENT OF CHANGES IN INVESTMENTS

FOR THE FIVE YEARS ENDED DECEMBER 31, 1968

	1968	1967	1966	1965	1964
INVESTMENTS at average cost, beginning of year	\$52,292,536	\$59,610,577	\$55,671,180	\$50,790,154	\$45,160,733
Add					
Cost of investments purchased	35,236,588	19,286,144	37,299,396	33,585,830	43,721,706
	<u>87,529,124</u>	<u>78,896,721</u>	<u>92,970,576</u>	<u>84,375,984</u>	<u>88,882,439</u>
Deduct					
Proceeds of investments sold	43,859,319	27,456,021	35,303,201	30,948,173	41,199,361
Gain on sale of investments	5,164,761	851,836	1,943,202	2,243,369	3,107,076
Cost of investments sold	<u>38,694,558</u>	<u>26,604,185</u>	<u>33,359,999</u>	<u>28,704,804</u>	<u>38,092,285</u>
INVESTMENTS at average cost, end of year	<u>\$48,834,566</u>	<u>\$52,292,536</u>	<u>\$59,610,577</u>	<u>\$55,671,180</u>	<u>\$50,790,154</u>

MUTUAL INCOME FUND

ASSETS AND LIABILITIES AS AT DECEMBER 31, 1968

ASSETS

Investment in Mutual Accumulating Fund	
2,801,581 shares at redemption value (Average cost — \$8,524,356)	\$17,285,755
Cash	335,991
Due from brokers	11,924
	<u>17,633,670</u>

LIABILITIES

Due to brokers	132,023
NET ASSETS, represented by 2,640,233 shares of no par value	<u>\$17,501,647</u>

Shares are redeemable at the holder's option at the net asset value per share at the date of redemption. During 1968 the fund issued 108,466 shares for \$645,867 and redeemed 614,147 for \$3,762,800.

APPROVED ON BEHALF OF THE MANAGER: A. D. Johnstone, *Director*, B. W. Wilson, *Director*.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FIVE YEARS ENDED DECEMBER 31, 1968

	1968	1967	1966	1965	1964
NET ASSETS beginning of year	\$19,442,733	\$21,137,267	\$24,449,211	\$25,486,563	\$22,532,386
Add					
Proceeds on sale of shares	645,867	1,036,263	1,373,377	2,938,163	4,214,533
Gain on sale of investment	1,860,833	1,690,616	897,580	1,180,745	1,089,171
Unrealized appreciation (depreciation) of investment	220,910	422,453	(1,895,998)	529,804	2,984,095
	<u>22,170,343</u>	<u>24,286,599</u>	<u>24,824,170</u>	<u>30,135,275</u>	<u>30,820,185</u>
Deduct					
Redemption of shares	3,762,800	3,778,035	2,515,091	4,402,100	4,163,185
Distributions	905,896	1,065,831	1,171,812	1,283,964	1,170,437
	<u>4,668,696</u>	<u>4,843,866</u>	<u>3,686,903</u>	<u>5,686,064</u>	<u>5,333,622</u>
NET ASSETS end of year	<u>\$17,501,647</u>	<u>\$19,442,733</u>	<u>\$21,137,267</u>	<u>\$24,449,211</u>	<u>\$25,486,563</u>
NET ASSET VALUE PER SHARE	<u>\$6.63</u>	<u>\$6.18</u>	<u>\$5.90</u>	<u>\$6.49</u>	<u>\$6.38</u>
DISTRIBUTION PER SHARE	<u>29.93¢</u>	<u>30.73¢</u>	<u>31.58¢</u>	<u>32.19¢</u>	<u>29.62¢</u>

STATEMENT OF CHANGES IN INVESTMENT

FOR THE FIVE YEARS ENDED DECEMBER 31, 1968

	1968	1967	1966	1965	1964
INVESTMENT at average cost, beginning of year	\$10,661,815	\$12,761,809	\$14,133,619	\$15,686,717	\$15,755,314
Add					
Cost of investment purchased	—	39,977	—	151,380	1,813,770
	<u>10,661,815</u>	<u>12,801,786</u>	<u>14,133,619</u>	<u>15,838,097</u>	<u>17,569,084</u>
Deduct					
Proceeds of investment sold	3,998,292	3,830,587	2,269,390	2,885,223	2,971,538
Gain on sale of investment	1,860,833	1,690,616	897,580	1,180,745	1,089,171
Cost of investment sold	2,137,459	2,139,971	1,371,810	1,704,478	1,882,367
INVESTMENT at average cost, end of year	<u>\$ 8,524,356</u>	<u>\$10,661,815</u>	<u>\$12,761,809</u>	<u>\$14,133,619</u>	<u>\$15,686,717</u>

MUTUAL BOND FUND

ASSETS AND LIABILITIES AS AT DECEMBER 31, 1968

ASSETS

Investments at quoted market value (Average cost \$4,512,214) . . .	\$ 4,190,611
Cash	152,307
Due from brokers	253,658
Income receivable	62,445
	<u>4,659,021</u>

LIABILITIES

Accounts payable	\$ 4,407	
Due to brokers	235,030	239,437
NET ASSETS, represented by 505,835 units of no par value		<u>\$ 4,419,584</u>

Units are redeemable at the holder's option at the net asset value per unit at the date of redemption. During 1968 the fund issued 127,677 units for \$1,073,921 and redeemed 217,715 units for \$1,814,224.

APPROVED ON BEHALF OF THE MANAGER: A. D. Johnstone, *Director* B. W. Wilson, *Director*.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FIVE YEARS ENDED DECEMBER 31, 1968

	1968	1967	1966	1965	1964
NET ASSETS beginning of year	\$ 4,852,257	\$ 6,155,016	\$ 6,437,800	\$ 5,161,723	\$ 3,759,718
Add					
Proceeds on sale of units . . .	1,073,921	619,928	1,379,122	2,545,305	2,791,643
Net income from investments	291,419	334,951	365,147	289,613	222,479
Gain on sale of investments . .	—	—	—	36,778	21,864
Unrealized appreciation (depreciation) of investments . .	397,945	(368,036)	(221,065)	(222,359)	46,892
	<u>6,615,542</u>	<u>6,741,859</u>	<u>7,961,004</u>	<u>7,811,060</u>	<u>6,842,596</u>
Deduct					
Redemption of units	1,814,224	1,815,107	1,647,227	1,373,260	1,680,873
Loss on sale of investments . .	381,734	74,495	158,761	—	—
	<u>2,195,958</u>	<u>1,889,602</u>	<u>1,805,988</u>	<u>1,373,260</u>	<u>1,680,873</u>
NET ASSETS end of year	\$ 4,419,584	\$ 4,852,257	\$ 6,155,016	\$ 6,437,800	\$ 5,161,723
NET ASSET VALUE PER SHARE	<u>\$8.74</u>	<u>\$8.15</u>	<u>\$8.35</u>	<u>\$8.37</u>	<u>\$8.22</u>

MUTUAL BOND FUND

STATEMENT OF INCOME AND EXPENSE

FOR THE FIVE YEARS ENDED DECEMBER 31, 1968

Year	Income From Investments	Management Fee	Net Income	Net Income Per Unit
1964	\$238,901	\$16,422	\$222,479	42.50¢
1965	312,092	22,479	289,613	43.81
1966	390,869	25,722	365,147	46.37
1967	358,244	23,293	334,951	49.07
1968	309,258	17,839	291,419	52.99

The number of units outstanding as at the day prior to the start of each quarter was used for the purpose of the per unit calculation.

STATEMENT OF CHANGES IN INVESTMENTS

FOR THE FIVE YEARS ENDED DECEMBER 31, 1968

	1968	1967	1966	1965	1964
INVESTMENTS at average cost, beginning of year	\$ 5,492,448	\$ 6,380,612	\$ 6,558,750	\$ 5,033,364	\$ 3,678,824
Add					
Cost of investments purchased	2,349,881	798,450	5,981,380	4,765,124	3,778,168
	<u>7,842,329</u>	<u>7,179,062</u>	<u>12,540,130</u>	<u>9,798,488</u>	<u>7,456,992</u>
Deduct					
Proceeds of investments sold	2,948,381	1,612,119	6,000,757	3,276,516	2,445,492
(Gain) loss on sale of investments	381,734	74,495	158,761	(36,778)	(21,864)
Cost of investments sold	<u>3,330,115</u>	<u>1,686,614</u>	<u>6,159,518</u>	<u>3,239,738</u>	<u>2,423,628</u>
INVESTMENTS at average cost, end of year	<u>\$ 4,512,214</u>	<u>\$ 5,492,448</u>	<u>\$ 6,380,612</u>	<u>\$ 6,558,750</u>	<u>\$ 5,033,364</u>

MUTUAL BOND FUND

In which Mutual Bond Income Fund participates — Portfolio of Investments — December 31, 1968

SECURITIES	Par Value	Average Cost	Quoted Market Value
GOVERNMENT OF CANADA (10.57%)			
Government of Canada, 6¼ %, 12/1/73	\$ 100,000	\$ 98,500	\$ 97,250
Government of Canada, 6½ %, 10/1/95	400,000	395,000	370,000
PROVINCIAL AND MUNICIPAL GOVERNMENTS (7.00%)			
Province of Newfoundland, 6¼ %, 1991	50,000	49,750	40,750
Province of New Brunswick, 6¼ %, 1991	150,000	143,325	122,250
Province of Nova Scotia, 6½ %, 1992	125,000	123,750	108,750
Province of Nova Scotia, 5¼ %, 1985	50,000	49,208	38,000
CORPORATIONS (77.23%)			
Acklands Limited, 7½ %, Series "A", 1988	100,000	100,000	116,000
*Allegheny Corp., 5¾ %, 1993	200,000	214,692	249,915
*Alloys Unlimited, 4½ %, 1993	70,000	75,270	75,914
British American Oil Limited, 7¾ %, 1988	200,000	199,000	191,000
Canadian Utilities Limited, 5⅝ %, 1990	200,000	198,000	158,000
Canadian Utilities Limited, 7¼ %, 1988, cum wts.	105,000	103,163	107,100
*Condec Corporation, 5 %, 1993	50,000	53,717	57,445
Consolidated Bathurst Limited, 8 %, 1993	100,000	99,000	103,000
Dominion Textile Co. Ltd., 6¾ %, 1990	250,000	250,000	210,000
*Girard Trust Bank, 5¾ %, 1993	100,000	107,594	129,924
Great Northern Gas Utilities Ltd., 6 %, 1985	275,000	275,000	200,750
Industrial Acceptance Corporation Limited, 7 %, 1985	100,000	100,000	107,500
International Bank for Reconstruction & Development, 5¾ %, 1991	250,000	243,125	197,500
Major Holdings & Development, 7¼ %, 1988	20,000	20,000	25,000
Northern and Central Gas Corporation Limited, 6½ %, 1988	205,000	202,950	206,538
National Fisheries Ltd., 6¼ %, 1981	100,000	100,000	76,000
Reed Paper Group Canada Ltd., 6½ %, 1985	250,000	250,375	215,000
Scurry Rainbow Oils Limited, 7¼ %, 1988	100,000	100,000	127,000
Steinbergs' Limited "A", 5¾ %, 1984	250,000	249,500	200,000
Traders Group Limited, 7¾ %, 1986	250,000	250,000	215,000
Triton Centres Ltd., 6¾ %, 1990	100,000	100,000	83,000
Wardair Canada Ltd., 6½ %, 1982	113,000	102,545	104,525
Westcoast Transmission Company Limited, Conv. Series "E", 5¾ %, 1984	250,000	258,750	257,500
		<u>\$ 4,512,214</u>	<u>\$ 4,190,611</u>

*United States investments are expressed in Canadian dollars, for average cost at prevailing rate of exchange at the time of purchase, and for market value at the prevailing rate of exchange at December 31, 1968.

NOTE — As at December 31, 1968, Mutual Accumulating Fund held 211,590 units and Mutual Bond Income Fund held 75,935 units of Mutual Bond Fund, for established participation of approximately 41.83% and 15.01% respectively in the foregoing portfolio.

Percentages indicate the market value as a percentage of net assets.

MUTUAL BOND INCOME FUND

ASSETS AND LIABILITIES AS AT DECEMBER 31, 1968

ASSETS

Investment in Mutual Bond Fund		
75,935 shares at redemption value (Average cost — \$594,372)	\$	663,661
Due from brokers		52,268
		<u>715,929</u>

LIABILITIES

Cash overdrawn	\$	19,957	
Due to brokers		19,593	39,550
NET ASSETS, represented by 133,860 shares of no par value			<u>\$ 676,379</u>

Shares are redeemable at the holder's option at the net asset value per share at the date of redemption. During 1968 the fund issued 10,626 shares for \$54,200 and redeemed 33,880 shares for \$167,471.

APPROVED ON BEHALF OF THE MANAGER: A. D. Johnstone, *Director*, B. W. Wilson, *Director*.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FIVE YEARS ENDED DECEMBER 31, 1968

	1968	1967	1966	1965	1964
NET ASSETS beginning of year	\$ 781,825	\$ 1,057,123	\$ 1,105,654	\$ 889,680	\$ 716,576
Add					
Proceeds on sale of shares	54,200	17,060	287,680	440,847	552,958
Gain on sale of investment	9,824	20,084	10,011	490	16,234
Unrealized appreciation (depreciation) of investment	36,658	(35,403)	(15,214)	16,116	42,122
	<u>882,507</u>	<u>1,058,864</u>	<u>1,388,131</u>	<u>1,347,133</u>	<u>1,327,890</u>
Deduct					
Redemption of shares	167,471	222,669	271,973	192,116	395,543
Distributions	38,657	54,370	59,035	49,363	42,667
	<u>206,128</u>	<u>277,039</u>	<u>331,008</u>	<u>241,479</u>	<u>438,210</u>
NET ASSETS end of year	\$ 676,379	\$ 781,825	\$ 1,057,123	\$ 1,105,654	\$ 889,680
NET ASSET VALUE PER SHARE	<u>\$5.06</u>	<u>\$4.98</u>	<u>\$5.39</u>	<u>\$5.69</u>	<u>\$5.88</u>
DISTRIBUTION PER SHARE	<u>26.95¢</u>	<u>29.48¢</u>	<u>27.93¢</u>	<u>29.19¢</u>	<u>29.19¢</u>

STATEMENT OF CHANGES IN INVESTMENT

FOR THE FIVE YEARS ENDED DECEMBER 31, 1968

	1968	1967	1966	1965	1964
INVESTMENT at average cost, beginning of year	\$ 738,299	\$ 974,473	\$ 1,008,502	\$ 811,497	\$ 682,564
Add					
Cost of investment purchased	14,427	—	149,095	203,096	400,934
	<u>752,726</u>	<u>974,473</u>	<u>1,157,597</u>	<u>1,014,593</u>	<u>1,083,498</u>
Deduct					
Proceeds of investment sold	168,178	256,258	193,135	6,581	288,235
Gain on sale of investment	9,824	20,084	10,011	490	16,234
Cost of investment sold	158,354	236,174	183,124	6,091	272,001
INVESTMENT at average cost, end of year	<u>\$ 594,372</u>	<u>\$ 738,299</u>	<u>\$ 974,473</u>	<u>\$ 1,008,502</u>	<u>\$ 811,497</u>

MUTUAL GROWTH FUND

ASSETS AND LIABILITIES AS AT DECEMBER 31, 1968

ASSETS

Investments at quoted market value (Average cost—\$10,352,943)	\$13,183,372
Cash	2,959,025
Due from brokers	1,012,740
Income receivable	24,358
	<u>17,179,495</u>

LIABILITIES

Accounts payable	\$ 27,997	
Due to brokers	659,012	687,009
NET ASSETS, represented by 2,004,475 shares of no par value		<u>\$16,492,486</u>

Shares are redeemable at the holder's option at the net asset value per share at the date of redemption. During 1968 the fund issued 1,447,706 shares for \$9,716,855 and redeemed 451,608 shares for \$3,125,668.

APPROVED ON BEHALF OF THE MANAGER: A. D. Johnstone, *Director*, B. W. Wilson, *Director*.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE PERIOD SEPTEMBER 15, 1966 TO DECEMBER 31, 1968

	1968	1967	1966
NET ASSETS beginning of year	\$ 6,566,885	\$ 826,006	\$ —
Add			
Proceeds on sale of shares	9,716,855	8,188,996	939,549
Gain on sale of investments	1,057,460	424,708	—
Net income from investments	28,996	21,342	—
Unrealized appreciation (depreciation) of investments	2,247,958	595,946	(13,475)
	<u>19,618,154</u>	<u>10,056,998</u>	<u>926,074</u>
Deduct			
Redemption of shares	3,125,668	3,490,113	100,068
NET ASSETS end of year	<u>\$16,492,486</u>	<u>\$ 6,566,885</u>	<u>\$ 826,006</u>
NET ASSET VALUE PER SHARE	<u>\$8.23</u>	<u>\$6.52</u>	<u>\$4.93</u>

NOTE — Mutual Growth Fund was established by a trust indenture dated September 15, 1966 between Mutual Funds Management Corporation Limited and Canada Permanent Trust Company. For 1966 the fund, being newly established, had neither earnings nor gains on sale of investments.

STATEMENT OF INCOME AND EXPENSE

FOR THE TWO YEARS ENDED DECEMBER 31, 1968

Year	Income From Investments	Management Fee	Other Expenses	Net Income	Net Income Per Share
1967	\$ 53,428	\$ 16,087	\$ 15,999	\$ 21,342	4.45¢
1968	107,908	48,399	30,513	28,996	3.19

The number of shares outstanding as at the day prior to the start of each quarter was used for the per share calculation.

STATEMENT OF CHANGES IN INVESTMENTS

FOR THE PERIOD SEPTEMBER 15, 1966 TO DECEMBER 31, 1968

	1968	1967	1966
INVESTMENTS at average cost, beginning of year	\$ 5,714,294	\$ 780,192	\$ —
Add			
Cost of investments purchased	21,065,393	10,731,188	780,192
	<u>26,779,687</u>	<u>11,511,380</u>	<u>780,192</u>
Deduct			
Proceeds of investments sold	17,484,204	6,221,794	—
Gain on sale of investments	1,057,460	424,708	—
Cost of investments sold	16,426,744	5,797,086	—
INVESTMENTS at average cost, end of year	<u>\$10,352,943</u>	<u>\$ 5,714,294</u>	<u>\$ 780,192</u>

SECURITIES	Par Value or Number of Shares	Average Cost	Quoted Market Value
CHEMICALS (3.21%)			
*National Chemsearch Corp.	1,000	\$ 52,587	\$ 49,349
*Princeton Chemical Research, 5%, Conv. Sub. Debentures, 1982	\$ 145,000	155,875	155,558
Surpass Chemicals	50,000	254,462	325,000
COMPUTERS (5.24%)			
A.G.T. Data Systems	4,500	31,500	51,750
*Computer Applications, 5 $\frac{7}{8}$ %, Conv. Debentures, 9/1/88 ..	\$ 250,000	268,300	268,203
*Electronic Memories Inc.	5,000	225,356	295,023
*Sperry Rand Corporation	5,000	196,534	248,758
CONSTRUCTION (7.60%)			
Atco Industries Ltd.	25,100	241,771	677,700
Bramalea Consolidated Developments Ltd., 7 $\frac{1}{2}$ %, Conv. Debentures, 10/1/88	\$ 100,000	100,000	148,500
*Wallace-Murray Corp.	10,000	386,473	426,443
DRUGS AND HEALTH (10.20%)			
*American Medicorp	12,000	551,900	1,029,900
*Beecham Inc.	10,000	456,110	394,258
*International Chemical and Nuclear Corp.	5,000	108,453	257,475
ELECTRONICS (3.95%)			
*Alloys Unlimited	10,000	460,124	473,379
*Conductron Corp.	5,000	240,652	178,355
FINANCIAL (3.03%)			
*American General Insurance	15,000	286,968	374,143
Reed, Shaw, Osler Ltd.	7,000	100,538	126,000
FOOD AND MERCHANDISING (9.85%)			
*Daylin Inc.	15,000	518,335	643,689
*Federal Company Inc.	15,000	527,210	981,623
INDUSTRIAL MANUFACTURING (8.02%)			
*American Motors Corp., 6% Conv. Note/Wts., 1988	\$ 300,000	321,844	352,352
Fleet Manufacturing Ltd.	35,400	83,876	130,980
*Studebaker Worthington	5,000	291,830	290,330
*Youngstown Sheet & Tube	11,000	559,794	548,744
OFFICE EQUIPMENT (1.91%)			
*Addressograph-Multigraph	2,000	189,337	153,144
Rapid Data System & Equipment	25,000	81,788	162,500
PETROLEUM (2.56%)			
*Superior Oil of Nevada	2,000	430,391	421,615
PHOTOGRAPHY (2.69%)			
*Perfect Film & Chemical	6,000	415,137	444,144
SPECIALIZED SERVICES (3.61%)			
*Bro-Dart Industries	7,000	213,950	274,104
*Ticket Reservation Systems	10,000	320,887	320,771
TEXTILE AND APPAREL (5.69%)			
*American Enka	10,000	466,676	595,412
*Green Shoe Mfg. Co.	10,000	300,787	343,300
TRANSPORTATION (3.15%)			
*McLean Industries	10,000	363,842	520,314
MISCELLANEOUS (9.22%)			
Security Capital Corporation Limited	50,000	250,000	518,750
*Filmways	10,000	340,679	415,715
*Outboard Marine	10,000	372,460	395,600
*The Carter Group	50	107,281	96,553
Commonwealth Holiday Inn of Canada Ltd.	2,000	23,000	28,500
*The Marmon Group	1,800	40,553	38,621
New Providence Development Co. Ltd.	3,000	3,480	6,300
*Science Management	500	12,203	20,517
		<u>\$10,352,943</u>	<u>\$13,183,372</u>

*United States investments are expressed in Canadian dollars, for average cost at the prevailing rate of exchange at time of purchase, and for market value at the prevailing rate of exchange at December 31, 1968.

Percentages indicate the market value as a percentage of net assets.

BOARD OF GOVERNORS

M.A.F	Mutual Accumulating Fund
M.I.F	Mutual Income Fund
M.B.F	Mutual Bond Fund
M.B.I.F	Mutual Bond Income Fund
M.G.Fund	Mutual Growth Fund

LOWELL J. WILLIAMSON, *Chairman*

HON. LOUIS PHILIPPE BEAUBIEN

SIR MICHAEL BUTLER, Bt., Q.C.

JOHN R. DAVIDSON

J. FIRSTBROOK ELLIS

ARTHUR RUSSELL HARRINGTON

ALAN D. JOHNSTONE

FREDERICK WILLIAM PRYCE JONES

JOHN D. LEISHMAN, M.D.

JOHN CHARLES MAYNE

VICTOR FREDERICK MACLEAN

GEORGE BEVERLY MCKEEN

FRANK HOYSE SOBEY

ALVIN JOSEPH WALKER

NORMAN EUGENE WHITMORE

OFFICERS AND DIRECTORS

Mutual Funds Management Corporation Limited

LOWELL J. WILLIAMSON, *Chairman*

ALAN D. JOHNSTONE, *President*

E. KITCHENER HAYMAN, *Vice-President*

JOHN D. MCNEIL, *Vice-President*

BARRIE W. WILSON, *Secretary-Treasurer*



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MUTUAL FUNDS MANAGEMENT
CORPORATION LIMITED

A member of the M.G.F. Group

Offices: 111 Richmond St. West, Toronto 1, Ont.
1177 W. Hastings St. Vancouver 1, B.C.

Trustee: CANADA PERMANENT
TRUST COMPANY

Auditors: RIDDELL, STEAD & CO.



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File
MUTUAL FUNDS MANAGEMENT
CORPORATION LIMITED

annual report

of the Manager
with financial statements
as at December 31, 1968



M.A.F	Mutual Accumulating Fund
M.I.F	Mutual Income Fund
M.B.F	Mutual Bond Fund
M.B.I.F	Mutual Bond Income Fund
M.G.Fund	Mutual Growth Fund